

# DELAWARE'S SEU EXPERIENCE

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### Delaware's SEU Cited as a National Model



Testimony of John D. Podesta before Vice President Biden's Middle Class Task Force

Philadelphia February 27, 2009

What can we do today

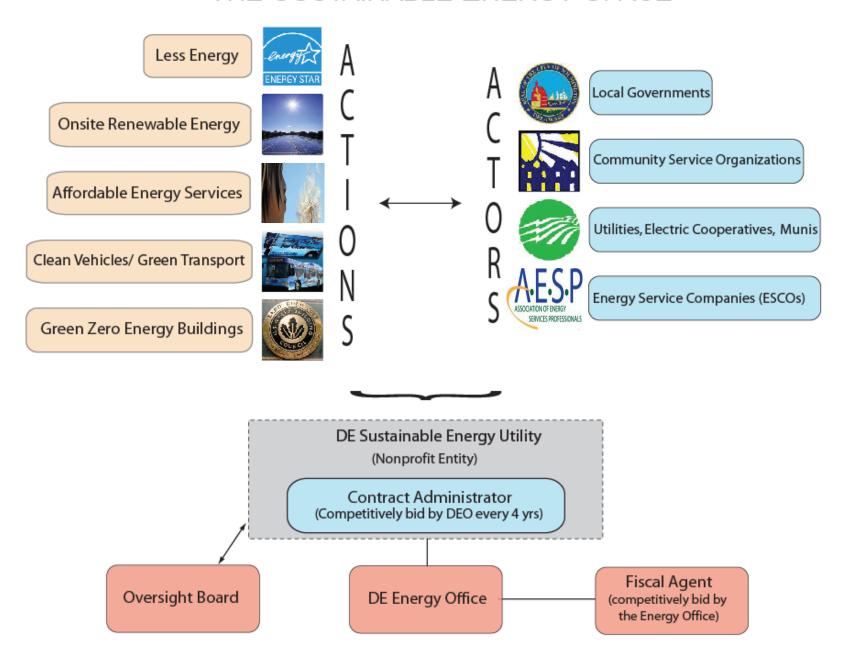
In Delaware, a "Sustainable Energy Utility" can meet energy needs, not by building new power plants but by weatherizing homes or creating a market not only for retrofits, but for the verifiable energy savings they produce.





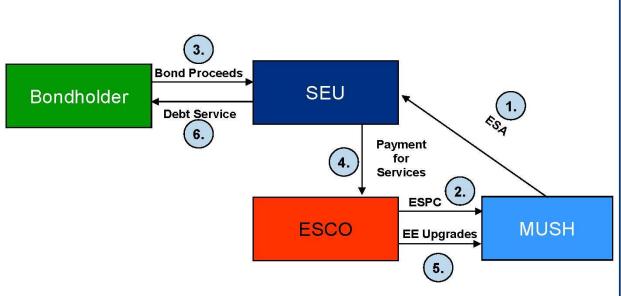
Center for Energy and Environmental Policy

#### THE SUSTAINABLE ENERGY SPACE



### Energy Efficiency Revenue Bonds (EERBs)

#### EERB debt service is secured by Energy Service Agreements



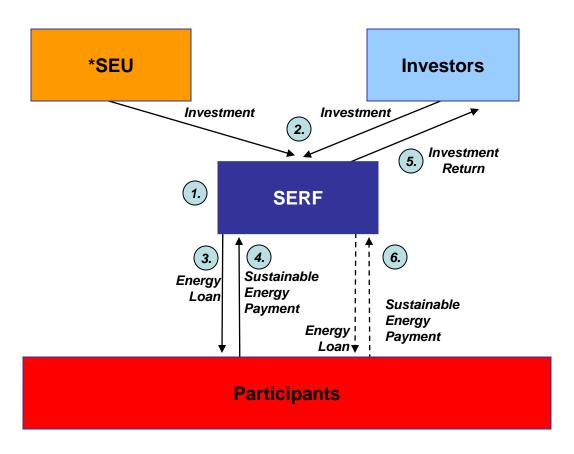
- SEU represents special purpose entity created for the purpose of overseeing green community development
- ESCO is an energy savings company hired to make improvements designed to improve efficiency

- SEU and MUSH sign Energy
  Service Agreement (ESA)
  whereby MUSH agrees to
  make a payment to SEU
  based on targeted energy
  savings levels
- ESCO enters into Energy
  Savings Performance
  Contract (ESPC) with
  MUSH, guaranteeing
  targeted annual savings level
  for the term of the contract
- SEU issues tax-exempt bonds secured by Energy Service Agreement
- 4. SEU provides capital for EE improvements to ESCO for installation at MUSH site
- 5. ESCO installs EE upgrades
- SEU repays bondholders from funds available under ESA and ESPC



## Sustainable Energy Revolving Fund ("SERF")

SEU can attract private capital to provide low interest funding through a revolving loan fund structure



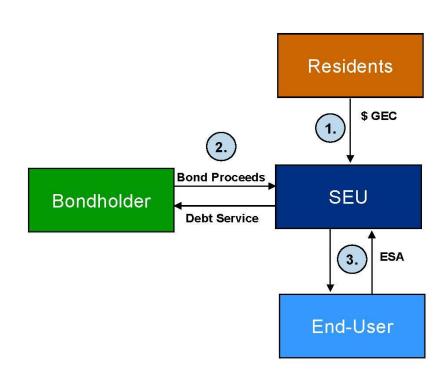
- 1. SEU establishes the Sustainable Energy Revolving Fund to provide low interest energy loans to qualified participants
- 2. SEU & Investors provide initial capital investment for SERF disbursements
- 3. SEU via SERF provides low interest loans to qualified participants for qualified projects
- Participants agree to make monthly sustainable energy payments to the SERF
- 5. SERF pays investor annual disbursement based on terms of Investment Agreement
  - 6. With new capital and/or remaining sustainable energy payments, SEU via SERF provides low interest energy loans to qualified participants for qualified projects



<sup>\*</sup> SEU can "raise equity" from a variety of sources, including EECBG, State Energy Program funds, system benefit charge, RGGI proceeds and Qualified Energy Conservation Bonds

### Securitized Green Bonds (SGBs)

Green Energy Charge (GEC) provides security for SGBs and allows for non-MUSH energy projects





SEU and Municipality establish a Green Energy Charge (GEC) which is applied to all energy users



SEU issues tax-exempt bonds for purpose of providing energy demand reduction grants



SEU enters into Energy Service Agreement with enduser for energy projects

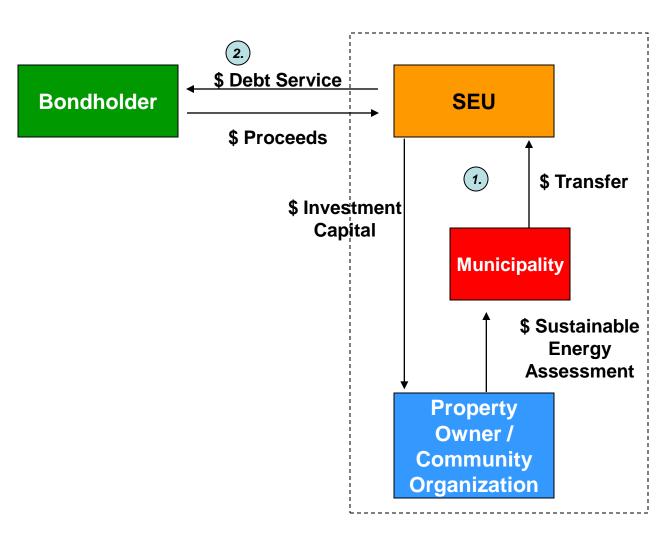
#### **Optional**

In connection with the ESA, End-User may enter into Energy Services Performance Contract with an approved ESCO



## Sustainable Energy Assessment Bonds ("SEABs")

SEABs provide a strong mechanism for prepayment of sustainable energy investments



1. SEU, Municipality, and Property Owner enter into a tri-party agreement whereby:

SEU provides capital for sustainable energy investments

Property Owner agrees to make qualified sustainable energy investments and repay investment through Sustainable Energy Assessment

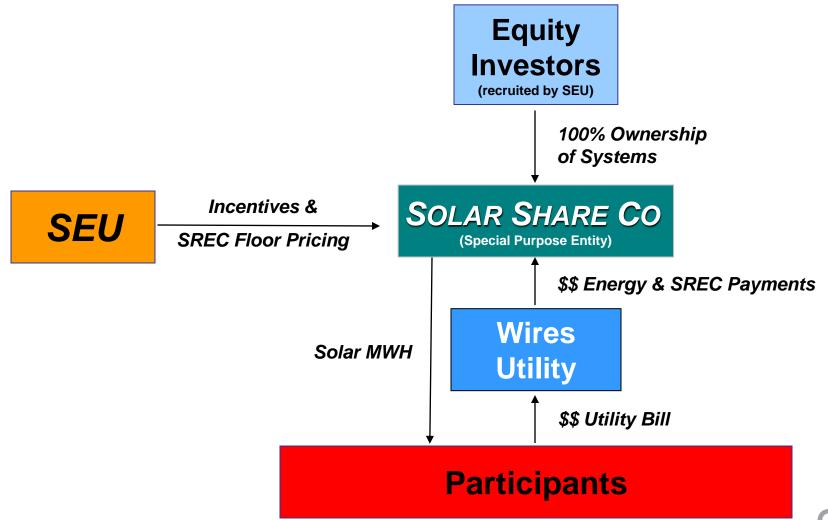
Municipality records an SEA against property and agrees to collect and deliver SEA to the SEU annually

2. SEU issues bonds secured by revenues from SEA



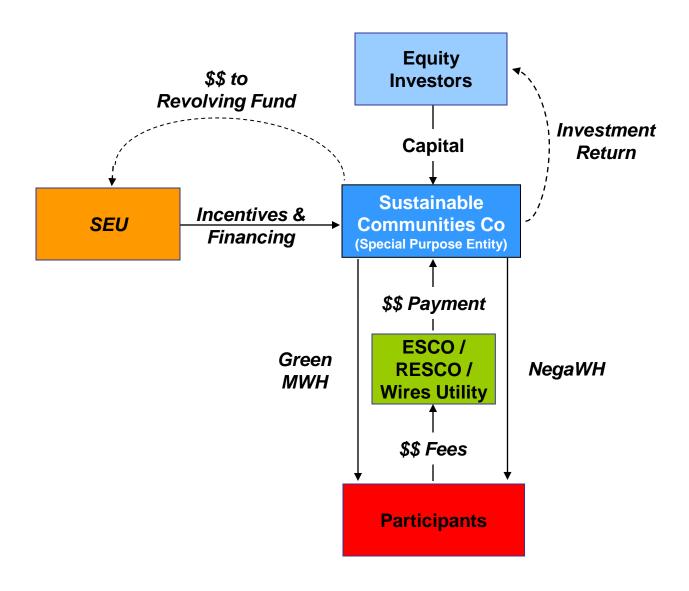
## SEU **Solar Share** Program

By creating a Solar Share program, the SEU can efficiently maximize federal tax benefits, providing participants with lower cost renewable power on a platform that can include distributed & central location formats





## Sustainable Communities Program







http://www.seu-de.org/

http://www.energizedelaware.org/